CMHC HOUSING OUTLOOK: NATIONAL EDITION

Canada Mortgage and Housing Corporation

Expect steady housing construction

First Quarter, 2003

Overview

Housing starts:
2003: 205,500
2004: 195,100

Resales:
2003: 401,900
2004: 385,500

Housing starts: Canada's housing construction industry is on solid footing. Economic growth will continue to support new housing construction. As housing prices rise, so will the popularity of relatively cheaper apartment dwellings.

House prices: Resale markets are tight, though less so than several months ago. High levels of sales and a low supply of new listings will keep house prices growing , though the rate of growth will slow.

Resales: Housing demand, generated by historically low mortgage rates and by a decade and a half of strong immigration, will keep sales through the Multiple Listings Services high, but below last year's record. (Details on Page 3)

The Nation's HOT SPOTS

British Columbia: Improving economic performance combined with low levels of inventories will give B.C. the fastest growth in starts this year (See Page 9)

Quebec: Rising income, renewed consumer confidence, and low mortgage rates will support home building. (See Page 14)

Ontario: High immigration and low mortgage rates will keep inventories of completed and unoccupied dwellings near a record low and boost residential construction. (See Page 13)

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Canada

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National Housing Outlook

In Detail

Singles will level off

Singles will plateau this year. Last year was a banner year when single starts grew by the second fastest pace since 1957 to reach a level of 125,374 and post their first year above 100,000 in over a decade. Activity will be flat or slightly weaker in most provinces. However, growth will be seen in Quebec, Saskatchewan and British Columbia, bucking the national trend.

Because single-detached homes are the form of housing that is most in demand, and since they are generally the most expensive, it should come as no surprise that less expensive mortgage carrying costs brought about by low mortgage rates should have the greatest positive impact on single starts. The moderate increase in mortgage rates and higher home prices expected this year will cause single starts to plateau, but they will still be at very high levels when compared to the average over the past decade. A further increase in mortgage rates in 2004 will cause single starts to decline to a level of 117,900.

Multiples growth carried by apartments

Semis, apartments and row units all experienced double digit growth in 2002, the first time this has happened since 1986. However only apartments will carry that momentum into 2003 as higher prices for the more expensive housing types divert more people into this housing choice. Overall, multiple starts will post another positive year in 2003, growing by a modest 2.2 per cent, to a level of 81,400. With mortgage rates rising further in 2004, multiple starts will taper off, declining to a level of 77,300.

Another 400,000 plus resales this year

Strong growth in employment, increases in incomes, high consumer confidence, and another year of strong immigration will drive MLS™ resales. A moderate increase in mortgage rates this year combined with rising house prices and a relative lack of listings compared to sales will tone down resale activity from last year's record pace but the annual total will still be the second best on record and is again expected to be above the 400,000 mark. However further increases in resale prices along with higher mortgage rates will cause resale activity to decline further in 2004, dropping to a level of 385,500 resales.

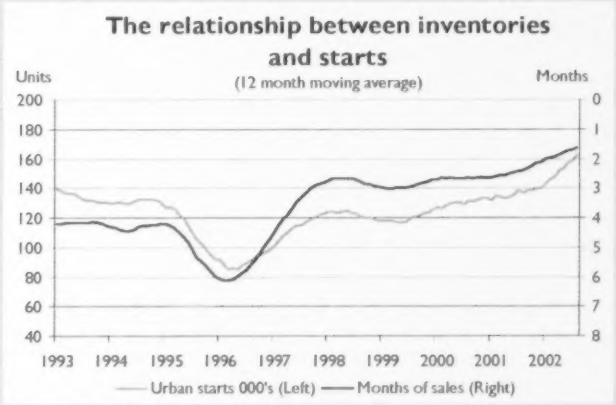
Prices will rise... but no bubble

Resale markets are tight and a low supply of new listings will keep prices growing. Low mortgage rates help this process along by increasing the amount people can borrow based on the same monthly payment. Nonetheless we expect that resale prices will rise at successively slower pace over the next two years as the resale market cools. With broad based price increases expected to be in line with or just slightly above the general rate of inflation, talk of a real estate bubble is not justified at this time.

Spotlight: Why low inventories means starts will stay high

The chart below demonstrates why starts have been strong and why they will remain strong again this year.

- Inventories are very low, no matter how you look at it. In the chart we show an approximate housing inventory-to-sales ratio*, in months of sales. As of last count there were less than 2 months of inventory available for sale.
- It is clear that as inventories decline, builders must increase starts to meet demand, as they have little existing stock to sell.
- The current strong demand for housing and the long time lag involved in building a house will keep inventories from rising too fast and ensure starts will remain robust well into 2003.



* The months of inventory measure was calculated by dividing newly completed & unoccupied units in urban areas, by absorptions (which are units that have been both completed and sold) in urban areas.

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Trends Impacting Housing

The Economy

The Canadian economy is not being negatively impacted by the tentative recovery occurring south of the border. The leading indicator of economic activity has been in positive territory for the past nineteen consecutive months and the economy is expected to have grown by 3.3 per cent last year. It has been driven mainly by several factors: strength in housing investment, consumer spending, a slowdown in inventory depletion, and a rebound in exports to the U.S. The major risk is that the current geopolitical situation could have a severe negative impact on economic growth.

As the excesses of the technology bubble are wrung out of the economy, corporate profits will continue to rebound and business investment will finally begin to grow, pushing GDP growth up by 3.2 per cent this year. A further acceleration of the U.S. economy later this year will provide the basis for stronger growth in 2004.

Mortgage Rates

The Bank of Canada raised its target for the overnight rate by one-quarter of one percentage point three times in 2002, to 2.75 per cent, before pausing. These moves by the Bank removed some excess monetary stimulus from the economy.

The Bank of Canada cited "significant geopolitical and global economic uncertainties" as the primary reason for taking a pause, but the Bank noted that "going forward, the timely removal of monetary stimulus will be required to achieve the inflation target over the medium term". This suggests that it is only a matter of time before the Bank resumes increasing interest rates, as there is still excessive monetary stimulus in the economy. As the economy is expected to continue growing strongly this year, the Bank is expected to resume raising its key overnight rate in order to keep inflation in its targeted range of one to three per cent. We expect this process to begin in the next few months.

That being said, mortgage rates will still remain low from a historical standpoint and will support demand for housing through the end of the year. The one-year mortgage rate expected to be in the 5.50 to 6.75 per cent range this year. The five-year rate is expected to be in the 6.75 to 8.00 per cent range this year. Improved economic growth in 2004 will result in mortgage rates moving higher. The one-year mortgage rate expected to be in the 6.50 to 7.25 per cent range in 2004. The five-year rate is expected to be in the 8.00 to 8.75 per cent range in 2004.

Employment

Canada experienced surprisingly strong job creation in 2002 after a lackluster performance in 2001. Job growth for 2002 was 2.2 per cent. From January to December the economy created nearly 560 thousand jobs, which is the largest such figure since 1987. This will have a very positive effect through the end of 2003 as it will allow the formation of new households and support demand for housing.

Wage gains have also been very solid as of late and incomes are growing. This will amplify the positive effect of the strong employment growth that Canada has experienced recently and provide further support to housing demand over the coming year.

Consumer Confidence

One of the continuing positive aspects about the Canadian economy right now is the high level of consumer confidence. This is the case even with all sorts of uncertainties swirling around in the news, from very weak equity markets for the third year running, to ever bigger corporate scandals, a less than robust U.S economic recovery and tensions over the current geopolitical situation. The Conference Board of Canada index of consumer attitudes remains high, even with all these uncertainties. Therefore, Canadians remain positive about their prospects for the future and this bodes well for housing demand in the near term.

Migration

Total net migration (immigration minus emigration plus the flow of non-permanent residents) has been high since 1987, averaging about 180,000 persons per year. The total for 2002 will be a bit higher than this average but below the recent 2001 peak of 218,337 persons. The data indicate that the number of persons acquiring immigrant status dropped right after September 11 and then subsequently rose, and has slowly climbed back to pre-September-11 levels. Since the immigration targets have been raised for 2003, we expect that total net migration will increase this year and next, which will be a positive development for the housing market.

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Trends at a Glance

Key factors and their effects on residential construction

Factor	Comment	Impact 2003	Impact 2004
Mortgage rates	Mortgage rates will remain low, but start to rise this year. Rates will increase next year and moderate housing demand.		
Employment	Robust job creation will support housing demand through 2003 and moderate in 2004.		
Incomes	Incomes will benefit from steady job growth and solid wage gains.		
Net migration	Large migration inflows since 1987 support housing demand.		
Natural population increase	Natural population increase (births minus deaths) continues but at a progressively slower rate. This secular trend is leading to the formation of progressively fewer households.		
Consumer confidence	Resilient consumer confidence in the face of global uncertainties will support housing demand.		
Resale market	Resale markets will begin to ease slowly. This will eventually temper the demand for new housing.		
Inventories of new and unoccupied units	Low inventories of newly constructed and unoccupied dwellings also stress that demand must be met by new construction.		
Vacancy rates	Low vacancy rates will spur more multiple starts. As vacancy rates rise this impact will moderate.		

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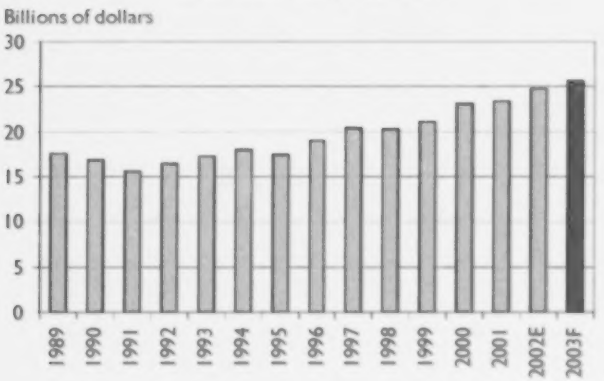
Special Report: Renovation Forecast

Strength in the resale market, robust housing starts and the effects of a strong job market typically drives renovation spending. However, a modest rise in interest rates along with a cooling of the pace of job growth and a cooling in the resale market will slow the pace of renovation growth this year.

Short-term outlook

We expect that renovation spending will continue to increase this year, continuing the expansion that began in 1999. A slight increase in mortgage rates will trim the growth rate of total renovation spending (which includes the sub-categories of alterations & improvements and also repairs) to 3.6% this year. Total spending on renovation is expected to reach $26.0 billion in 2003.

Renovation spending



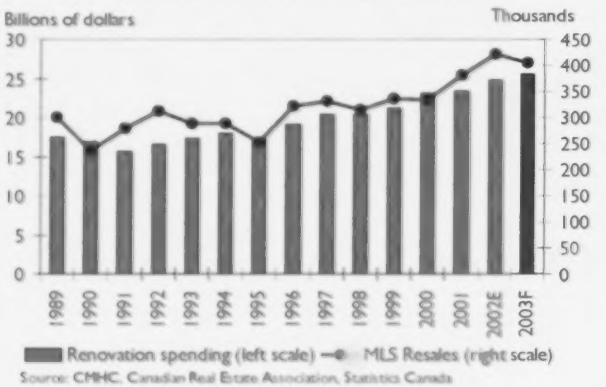
Source: CMHC, Statistics Canada

Canada has experienced very strong economic growth over the past five years and the economy has seen the creation of over 1.6 million jobs during that time. In 2002 alone, economic growth reached about 3.3% and over 550,000 jobs were added to the economy. Add in mortgage rates that are near historical lows and MLS resales that hit a record for the second year straight and there is a very solid underpinning for the renovation market.

Record levels on the resale market...again

The resale market reached record levels again in 2002. MLS™ resales exceeded 400,000 for the first time ever, hitting 421,227 sales and surpassing the previous record of last year by over 40,000 resales. Resales are an important driver of the renovation market. This relationship is borne out in the data as can be seen in the chart below. The historical correlation between renovation and home resales is strong since households generally do most of the renovation work within the first three years after buying.

Renovation moves with resales



Source: CMHC, Canadian Real Estate Association, Statistics Canada

This year the level of resales will drop slightly from last year's record by a modest 4.5 per cent but will remain at a historically very high level of 401,900. This will in fact still be the second highest level ever recorded. There have been some years recently, which saw modest declines in resales but still saw growth in renovation activity, this happened most recently in 2000. The volume of sales will be high and will provide a solid foundation for the renovation market, as many of these homes will be undergoing renovations.

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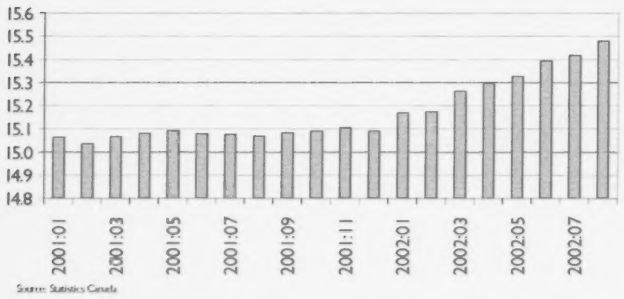
Strong job growth a major boost

Renovations can be expensive. Steady income gains derived from solid job growth provide not only the financial strength to undertake renovation projects but also the confidence to go ahead with the major expenditure that they entail. Therefore the huge amount of jobs created in the past several months will be a major boost to the renovation market this year.

Robust job creation,
Total Employment, Canada, millions



Source: Statistics Canada

Atlantic: mixed results

A modest slowdown in job creation and cooling of the resale markets in the Atlantic region will cause growth in total renovation spending to slow in 2003. Newfoundland will lead the region in renovation spending growth this year. The recent exceptional MLS sales activity in the region has occurred despite a chronic shortage of active listings over the past 18 months that has seriously limited the choice of homes available to prospective buyers. Consequently, over the past two record years, many buyers have ended up purchasing a home that does not suit their needs or tastes with the intention of renovating it later to make it more suitable.

Quebec: very solid market

The resale market is still in good shape in Quebec and will remain high this year, though it will be down slightly from last year. Growth in employment has been very strong and will contribute to growth rate in total renovation spending this year. However, a modest increase in interest rates will contribute to a slight reduction of renovation spending growth to 5.3 per cent in 2003. Total expenditures are expected to reach 6.3 billion dollars this year. This will be the first two consecutive years of growth greater than five per cent in eight years.

Ontario: enduring strength

Ontario's economy will roll along despite the tentative U.S. economic recovery. A low Canadian dollar will encourage exports. Jobs, active resale home markets and high consumer confidence will boost total renovation spending this year. The only significant negative factor will be moderately higher borrowing costs, which will only slightly offset the impact of job growth on renovation spending. Total renovation spending will grow 5.5 per cent this year.

Prairies: Alberta continues to lead the region

Alberta currently has the strongest economy in the region, thanks to the strength of the oil and gas industry. With the strong economy as a foundation, Alberta will continue to lead the Prairies in renovation spending this year, growing at a 2.6% clip.

Renovation spending in Saskatchewan will also be strong this year, growing at a rate of 2.5%. Manitoba will be the weakest of the three prairie provinces in 2003 with total renovation spending declining slightly by 0.5%.

British Columbia: a significant increase

Right now British Columbia is among the weakest provinces in Canada in terms of economic growth. The forestry industry, currently under pressure due to U.S. tariffs, is a contributor to this weakness.

However, as British Columbia has the highest average home prices in Canada, renovation demand is higher in B.C. than in other provinces as renovation can be a less expensive way of upgrading a home.

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Renovation and construction expenditure

		Renovation			Construction		
		2001	2002	2003	2001	2002	2003
Newfoundland	($ millions)	442	469	490	187	240	236
	(% change)	0.8	6.0	4.6	17.6	28.2	-1.6
P.E.I.	($ millions)	100	105	106	78	87	81
	(% change)	-3.0	5.3	0.6	2.8	10.8	-6.9
Nova Scotia	($ millions)	739	773	800	493	551	525
	(% change)	-6.3	4.6	3.4	3.4	6.0	-4.8
New Brunswick	($ millions)	560	577	589	359	379	378
	(% change)	-1.2	2.9	2.2	19.3	5.4	-0.2
Quebec	($ millions)	5622	5993	6308	3299	5023	5001
	(% change)	2.7	6.6	5.3	15.7	52.3	-0.4
Ontario	($ millions)	8899	9420	9938	10192	11978	12864
	(% change)	-1.2	5.9	5.5	6.3	17.5	7.4
Manitoba	($ millions)	686	703	700	345	375	368
	(% change)	-1.4	2.5	-0.5	5.2	8.6	-1.9
Saskatchewan	($ millions)	677	724	742	245	296	319
	(% change)	0.7	6.9	2.5	-12.9	20.6	8.0
Alberta	($ millions)	2244	2419	2483	3479	4497	4123
	(% change)	3.6	7.8	2.6	11.3	29.3	-8.3
British Columbia	($ millions)	3347	3598	3840	2583	3121	3577
	(% change)	7.4	7.5	6.7	11.6	20.8	14.6
Canada	($ millions)	23316	24782	25986	21260	26545	27471
	(% change)	1.3	6.3	4.9	9.0	24.9	3.5

Source: Statistics Canada, CMHC estimate 2002, forecast 2003.

Renovation Expenditure Breakdown
(millions of dollars and annual percentage change)

	2001	2002	2003
Alterations & Improvements	17,290	18,510	19,469
%	1.3	7.1	5.2
Repairs	6,026	6,271	6,517
%	1.3	4.1	3.9

Source: Statistics Canada, CMHC estimate 2002, forecast 2003.

CMHC Renovation Forecast Components

The figures presented in the CMHC forecast include renovation expenditures made by landlords and homeowners.

Alterations and improvements: Major projects leading to an increase in the value of the home, including expansions or modifications and the addition of new equipment.

Repairs: Regular maintenance tasks such as painting, caulking, or replacement of existing equipment.

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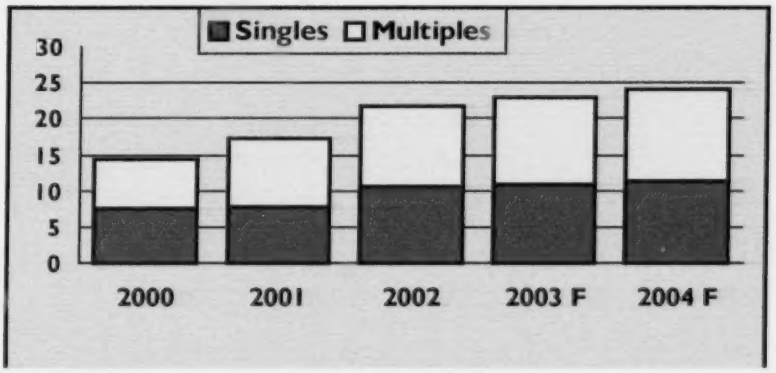
British Columbia

Overview

Housing Demand Still Strong In BC

The outlook for the BC housing market is a continued expansion in 2003. This is due to several factors. First and foremost, the BC economy is expected to continue the recovery this year with increased job growth, particularly in the Vancouver area. Second, there continues to be a low level of housing inventories combined with strong demand from local buyers taking advantage of historically low mortgage rates. This implies that demand will have to be met by new construction. Third, there is increasing demand for BC housing among various international buyers, particularly those from the U.S. looking at resort properties and luxury condominiums in Vancouver. There is also interest from Pacific Rim buyers, mainly for condominiums with two or more bedrooms in Vancouver, Richmond and Burnaby.

B.C. Starts (000's)



BC will retain its traditional standing as the second favorite choice, after Ontario, for international migrants. Yet, due primarily to the relative strength of other provinces, particularly Alberta, BC will be a net loser of interprovincial migrants for the sixth straight year. However, interprovincial migration will slow to a crawl this year, and on balance, BC will still be a net gainer of total migrants, which will help fuel the continuing housing expansion.

The continued housing expansion will bring British Columbia's housing starts to a level of 23,000 in 2003. This will be a 6.4 per cent increase from last year's pace and will be the highest level recorded since 1997. Starts will continue to rise in 2004, reaching 24,000 units.

In Detail

Single Starts: Single starts are expected to rise by a modest 1.6 per cent this year. Low mortgage rates and high demand combined with reduced inventories will lead single detached builders to modestly accelerate production. Land supply constraints have pushed most single detached construction activity towards suburban and rural areas where large greenfield sites are available. Expect 10,900 singles starts this year.

Multiple Starts: Very low apartment inventory levels in the major urban centres of Vancouver and Victoria combined with low vacancy rates will spur construction of multiples. Expect multiple starts to grow by 11.1 per cent this year, to 12,100 units as planned projects break ground.

Resales: In the resale market lower-priced single detached homes will be popular with buyers looking to undertake substantial renovations within six to twelve months of the purchase. Low mortgage rates will continue to induce homebuying throughout the province, but at a slower pace as mortgage rates creep up over the year. Total MLS™ resales will decline by 5.7 per cent this year.

Prices: Established neighbourhoods will demand the highest prices in the market. Prices will continue to rise in 2003, however at a slower pace than last year. The average price will grow by 2.5 per cent this year, reaching a level of $245,000, the highest in Canada.

Spotlight on Employment

Self-employed workers in the province have a significant impact on the overall economy, accounting for 20 per cent of all BC jobs. In fact, small business is a key growth area. Nearly 28 per cent of provincial GDP is derived from small business. This is not surprising when you consider that 98 per cent of all business in BC is small business, representing 58 per cent of private sector employment. In the wake of weak intraprovincial migration, BC's entreprenuerial economy is key to provincial growth.

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Alberta

Overview

Top economic performer

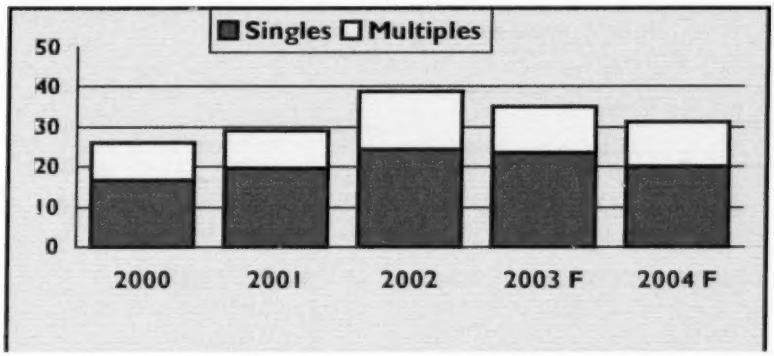
The Alberta economy will be a top performer in 2003 and 2004. However the housing market will slow from last year's torrid level of activity due to rising interest rates and house prices. Yet, the market will remain very strong relative to the recent past.

A resurgence of investment in the energy sector combined with a better U.S. economy will set the stage for a powerful expansion over the next two years. Expect annual economic growth to exceed four per cent over the forecast period. This will place Alberta as the top economic performer in Canada, a position it has held in two of the past three years.

Labour market conditions will reflect the strong economic growth. An additional 85,000 jobs will be created from 2002 to 2004. Given its strong job market and favourable wage and tax environment relative to the other provinces, Alberta will remain a top destination choice for migrants seeking jobs. Recent trends point to continued inflows of migrants from other provinces. However, interprovincial migration will begin to moderate this year as the economies and employment conditions in other provinces improve. Therefore total migration will be somewhat weaker than last year, contributing to the forecasted decline in housing starts this year.

Alberta's housing starts will reach a level of 35,100 in 2003 and 31,200 units in 2004. This performance will be well above the past five-year average of about 29,000 units.

Alberta Starts (000's)



In Detail

Single Starts: Single-detached starts will decline from last year's record level and will reach 23,500 units. While the forecast for this year will fall short of last year's peak, it will still be very high from a historical standpoint as it will be the third best performance on record.

Multiple Starts: The pace of rental construction is expected to slow this year after last year's massive growth. The continued strength of the condominium market will result in multiple starts recording the second highest level recorded since 1982, reaching 11,600 units.

Resales: Home resales will decline by 4.0 per cent from last years record level, but will still be the second highest level ever recorded, reaching a level of 49,000 resales. The combination of historically low, albeit rising, mortgage rates and a solid job market will continue to encourage many of Alberta's renter households to become owner households. Though interest rates are expected to rise during the course of the year, mortgage rates will still be low and this trend will continue this year.

Prices: Strong demand combined with a relative lack of listings will push resale prices higher over the next year. Growth in prices will not be as strong as in 2002 but by the end of the year the average MLS price will have grown by 3.4 per cent to reach a level of $176,000.

Provincial Highlight

Multiple starts in Edmonton last year (5,721) exceeded levels recorded in Calgary (4,926). This was the first time since 1994 that multiple starts in the Edmonton CMA exceeded those of the Calgary CMA.

A strong proportion of these starts, much more than the recent historical average, are slated for rental tenure. From 1990 to 2000, about 17 per cent of the multi-family starts in Edmonton were built as rental units. Recently, this share has increased to over 36 per cent.

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Saskatchewan

Overview

Economic recovery will continue

Due to the improving economic situation, the housing market in Saskatchewan will remain firm over the next 24 months.

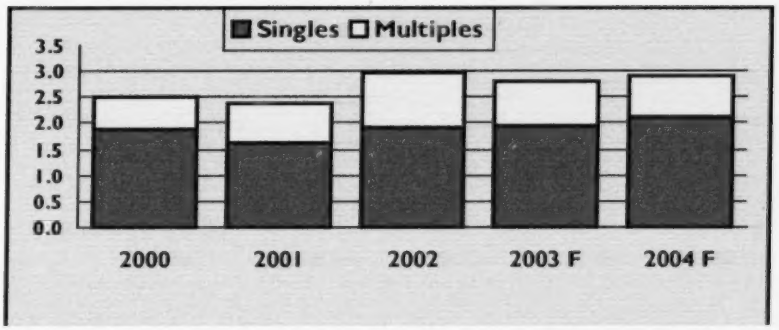
The economy will grow at an average annual rate of 2.3 per cent from 2002 to 2004. Economic growth will be underpinned by a stronger performance in the agriculture and oil and gas sectors. The agriculture sector will finally benefit from improved crop yields and a healthier price outlook, while high oil and gas prices should lead to increased exploration and development activity.

The improving economic climate will mean job creation will be positive again this year, though less so than last year. Because of the recently slumping agricultural sector, caused by persistently dry conditions across the province, total employment will only return to the levels last reached in 2000. By the end of 2004, total employment in the province is expected to approach the 500,000 mark.

Moderate employment and wage growth prospects when compared to Alberta will result in a loss of people to its western neighbor. More migrants are expected to leave Saskatchewan than any other province. However, this has been the case for four years running, and therefore the negative impact on the housing market will be similar to previous years.

In 2002, total starts posted their best performance since 1999. In 2003, starts activity is expected to dip by about 1.3 per cent to 2,925 units. This will be the second best performance since 1999. In 2004, construction activity will remain stable, reaching 2,900 units.

Saskatchewan Starts (000's)



In Detail

Single Starts: Overall activity will remain flat this year due to the sluggish performance of the smaller centres. Healthy gains in employment in Regina and Saskatoon are driving the demand in these cities. Smaller centres will have to wait for a recovery, due to the weak agricultural sector that dominates these communities and is only expected to rebound this year. For the province as a whole, expect a total of 2000 new units.

Multiple Starts: The multiples market in Saskatchewan has evolved from the luxury apartment style unit appealing mainly to retirees, to the affordable row housing unit that attracts a wider range of buyers. This broader based demand means that the multiples market will experience continued growth this year, reaching 925 units. Multiples will account for all of the growth in starts in the province.

Resales: A scarcity of good quality, affordable listings continues to hinder the resale market. Mortgage rates that are expected to rise moderately during the year will not help this situation, and MLS sales will slip 5.5 per cent this year to 7,500 resales.

Prices: Resale prices will rise 3.7 per cent to $105,000 this year as job growth continues and consumers place increasing pressure on the limited amount of listings. The average price of new housing will grow slowly as builders place more emphasis on affordable housing units.

Provincial Highlight

Information provided by the New Home Warranty Program of Saskatchewan allows us to calculate the average size of the new homes built in Saskatchewan. This, in turn, may provide us with some insight into changing consumer tastes.

Analysis indicates that in the period 1996 to 2001, the average size of housing units has fallen 5.5 per cent in Saskatoon and about 1.5 per cent in Regina. Since Regina already tends to have smaller homes, this may explain some of the difference between the two cities. This trend toward down sizing is expected to persist this year.

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Manitoba

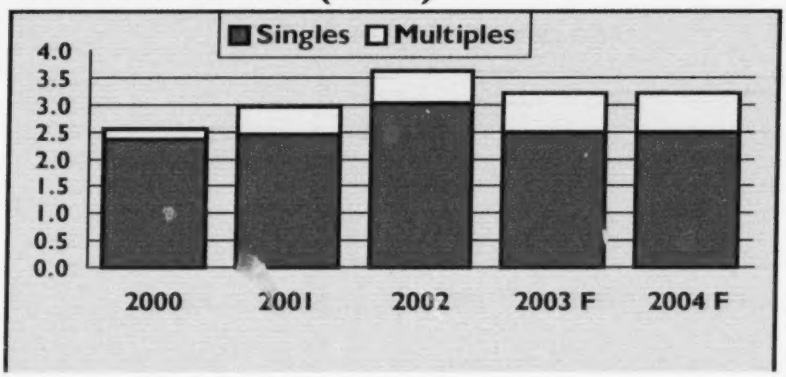
Overview

Modest decline expected

With mortgage rates forecasted to rise through the next 24 months, activity in the housing sector will slow down from the 2002 level, moving down to the levels of the late 1990s.

Typically, new home construction and MLS sales trail employment growth by one year. Given last year's growth in employment, one might thus expect this to have a positive impact on housing activity in 2003. However, a majority of the new jobs that have been created are in the lower earning retail trade sector. The average for weekly earnings in the retail trade sector is about $420, well below the average weekly earnings for all industries at about $586. The prevailing conditions will have a modest negative impact on homeownership demand and a positive one on rental demand as lower earning households have a weaker capacity to generate a down payment for a home.

Manitoba Starts (000's)



Manitoba will continue to lose people to the rest of Canada. With total migration levels expected to remain negative, household growth will remain weak and employers will have difficulties filling vacant jobs. Thus, demographics will not be supportive of an increase in housing demand.

Overall, expect total housing starts in Manitoba to be close to the average of the past five years. Total starts across the province will fall to 3,200 units this year, a decline of 11.5 per cent after two years of double-digit growth. In 2004, growth will be flat as starts are anticipated to remain at 3,200 units.

In Detail

Single Starts: About half of the new construction will take place in Winnipeg Census Metropolitan Area (CMA), with the most significant gain taking place in units priced below $200,000. Starts will edge lower this year, to 2,500 units as mortgage rates move upward. Due to higher cost of owning a home, units priced above $200,000 will lose share to homes priced between $150,000 and $200,000.

Multiple Starts: The majority of demand for multi-family units will continue to come from the life-lease market that serves the housing needs of individuals 55 years of age and over. Multiple starts will move upward in 2003 as new units come on line later in the year because of the recently signed federal-provincial affordable housing agreement. In 2003, the multiples market is poised to have its best performance since 1999 as 700 units are expected.

Resales: MLS sales growth will experience a slight decline to 10,800 units this year. This is due to weaker expected income gains and the impact of rising mortgage rates on homeownership costs.

Prices: In 2002, increased market share of units at the higher end of the price spectrum put upward pressure on prices. However, price growth will moderate this year due to softening demand. Expect MLS prices to rise by 1.9 per cent to $98,500.

Provincial Highlight

The future of Motor Coach Industries' (MCI) bus manufacturing facility in Winnipeg appears to be secure.

Union concessions combined with a $20 million government incentive package will keep the once-threatened manufacturing facility in Winnipeg. An initial $10 million expansion will be built to consolidate much of MCI's North American operations.

The expansion will create a minimum of 500 new jobs in Winnipeg over the short-term. Many production processes will be relocated from the company's Mexico plant to Winnipeg.

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Ontario

Overview

Low rates spur home demand

In 2002 Ontario's level of housing starts was the highest since 1989. This year's starts will be higher still as low interest rates, jobs and over a decade of high immigration lift housing demand, keep resale home markets tight and keep the pressure up on home construction.

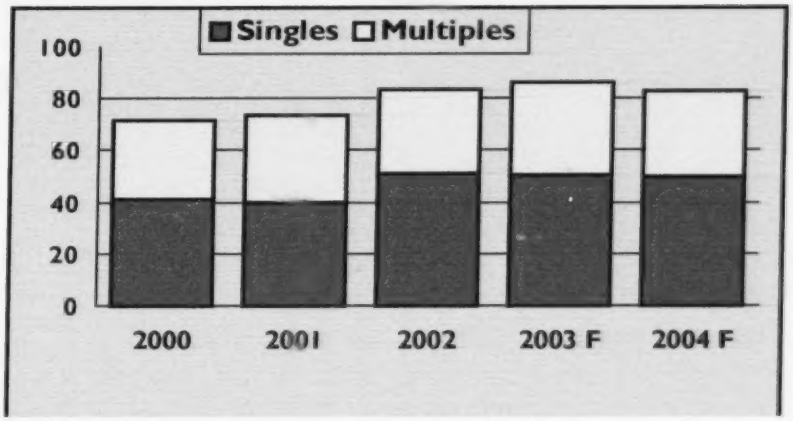
Many of Ontario's leading economic indicators are neutral or positive, suggesting continued strength in the economy through this year. For example, retail sales and automobile sales continue to be strong and consumers are still feeling confident.

Jobs are crucial to housing demand, as they provide both the income and therefore the confidence to buy a house. Employment in the province is expected to grow at a healthy 2.5 per cent clip, continuing the momentum of last years strong growth.

Net migration to Ontario has been extremely strong over the last couple of years and has now edged down. Demographic demand for housing will continue to be solid for a while, since new arrivals to the province take several years to become established and purchase a home. Immigration will increase along with Canada's rising immigration target levels. Most immigrants choose Toronto for its established social and ethnic networks. Job seekers from other parts of Canada, however, will dwindle as employment prospects elsewhere grow.

The overall economic and demographic picture suggests that the expansion in the Ontario housing market will continue into this year. Ontario's housing starts will reach a level of 86,000 in 2003, a gain of three per cent over last year's level. Starts will decline in 2004 and reach 82,500 units.

Ontario Starts (000's)



In Detail

Single Starts: Low mortgage carrying costs and consumer confidence are sustaining demand. Single starts are expected to edge down to 50,500 units. A moderate rise in mortgage carrying costs will be the main cause.

Multiple Starts: Multiple starts will grow again in 2003, rising by 9.3 per cent over 2002 levels to 35,500 units. Inventories of newly completed and unoccupied multiples are low, which implies that demand must be met with new construction. Rental construction is low and should get a boost from government assistance to affordable rental projects.

Resales: Home shoppers are out in force and MLS resales will remain high from a historical standpoint. However, resales will decline to 176,000 sales as interest rates and house prices rise.

Prices: In ten of the province's biggest cities, the sales-to-new listings ratio is higher than 50 per cent; a range that suggests continued increases in the average MLS house price this year. However the rate of price growth is expected to slow somewhat from last year's pace, growing by 5.8 per cent to a level of $223,000.

Provincial Highlight

Ontario's 2002 average vacancy rate rose on the tail of four consecutive years of decline. The province's average vacancy rate moved up to 2.7 per cent in October 2002 from 1.7 per cent a year ago. Ontario's average two bedroom apartment rent rose by 2.3 per cent, which was commensurate with the general Consumer Price Index inflation rate.

Three factors were responsible for the dip in rental demand: the loss of jobs in the younger renter aged population in 2001, lower net migration to the province and shifts to home-ownership induced by affordable mortgage rates.

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Quebec

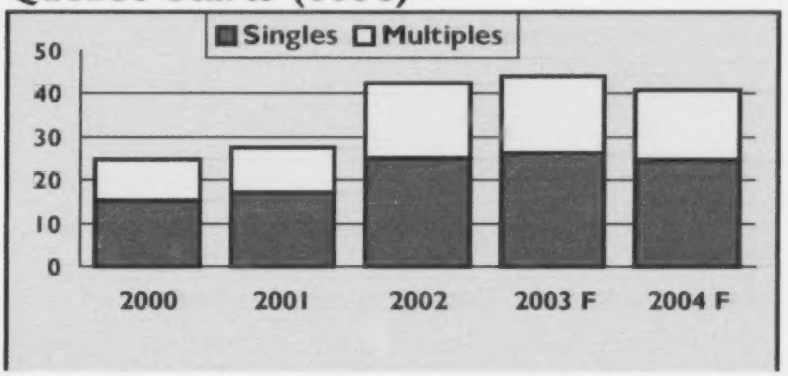
Overview

Environment still favourable in 2003

In 2002, the Quebec housing sector was marked by several key factors impacting demand. Since these factors brought about over 40,000 housing starts, the levels should be similar in 2003, as the underlying environment will remain favourable overall.

For the economy, the factors that fuelled growth in 2002 will continue to do so in 2003. First, with many new jobs and higher incomes, consumers will remain confident and continue to spend. Benefiting from more favourable conditions, investment (both public and private) will keep rising. External trade will be buoyed up by the recovery in the United States, along with an exchange rate conducive to exports, but will still be waiting for the contribution of some major sectors (air transport, certain high technology niches). As a result, we expect a GDP growth rate of 3.3 per cent in 2003.

Quebec Starts (000's)



Job creation will remain positive over the next few years, despite a more moderate rate of growth, and the unemployment rate will hover around 8.4 per cent in 2003. With mortgage rates expected to rise marginally next year, a steady housing demand remains quite likely in 2003.

As well, this demand will face a continued weak supply on the resale and rental markets, which will stimulate construction. Finally, with net migration levels on the rise, the residential construction sector should post around 44,000 starts in 2003.

In Detail

Single Starts: The above-mentioned factors, and the delayed effect of some of these variables on demand, will support single-family home building, and starts should reach 26,500 units in 2003.

Multiple Starts: Given the persistently tight rental market (with vacancy rates in Montréal, Québec and Gatineau still below the 1-per-cent mark in 2002), the continued appeal of condominiums, and a steady demand on the retirement home market (also tight), multiple housing construction in Quebec should reach a level of 17,500 starts in 2003.

Resales: Following a significant increase in sales last year, and although the low mortgage rates will continue to favour this market, the fact that choice remains limited on the existing home market will cause MLS sales to reach 61,500 units in 2003.

Prices: While demand for existing homes, which is still strong, continues to face a relative lack of listings, the resale market will remain favourable to sellers, and pressure will continue to be felt on prices. We are consequently expecting the average price to surpass $138,000 in 2003.

Provincial Highlight

The Statistics Canada 2001 Census results concerning Quebec households revealed some indispensable features for the analysis of the housing markets in this province: households are more numerous but getting older, regional growth rates are varied, and the share of renter households remains significant.

The number of households in Quebec rose by about 6 per cent over 1996 and reached nearly 3 million, or around 26 per cent of the Canadian total. The growth rates varied at the metropolitan area level. The Gatineau-Hull and Sherbrooke areas posted the highest rates (9.1 per cent and 7.6 per cent, respectively), followed by Montréal and Québec (6.9 per cent and 5.7 per cent), while Chicoutimi-Jonquière and Trois-Rivières showed the lowest growth rates (3.8 per cent and 3.3 per cent, respectively). The results by age group revealed that the proportion of households aged over 35 years increased since 1996. The median age in Quebec attained 38.8 years, up by 2.6 years over the last census.

As for tenure options, Quebec posted a homeownership rate of 56 per cent in 2001 (down by 1 per cent from 1996), compared to the national average of 66 per cent, and it had the lowest proportion of single-family homes (41.7 per cent versus 57.4 per cent for Canada). Likewise, 43.2 per cent of households in Quebec live in apartments, compared to 27.1 per cent across the country.

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New Brunswick

Overview

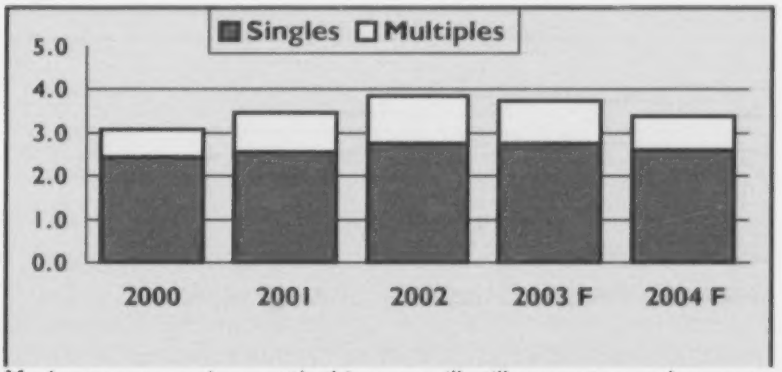
Housing starts will plateau

The housing market in New Brunswick will still be strong this year, but will experience a slight decline. This is primarily due to a decline in rural single starts and fewer multiple starts in urban centres.

With a tentative U.S. economic recovery, the province's economy is expected to grow by 2.8 per cent this year, weaker than last year's rate. Substantial investments in the Irving Refinery Canaport terminal, and the refurbishment of the Coleson Cove and Point Lepreau generating stations will contribute to economic growth.

A strong services sector combined with the province's growing capabilities in the area of communication and information services will also support to economic growth.

New Brunswick Starts (000's)



Moderate economic growth this year will still generate employment gains. Employment should grow by 1.8 per cent in 2003. This should help bring the unemployment rate down to 10.3 per cent this year.

Attractive labour market conditions will help draw in migrants from both the rest of Canada and abroad. This inflow will occur for the second year running and will provide a positive impact on the housing market this year.

Overall, housing starts in New Brunswick should reach 3,750 units, a decline of 2.9 per cent from last year's level. Starts will decline further in 2004, reaching a level of 3,400 units.

In Detail

Single Starts: Low mortgage rates combined with tight resale market conditions in all three larger urban centres will continue to support strong levels of single starts this year, particularly in Moncton. However, the construction of single-detached homes in rural areas will be weaker. Our current forecast is 2,750 single starts in 2003, a slight decline fom last year.

Multiple Starts: Continued strength in multiples in both Saint John and Fredericton will be offset by a pull back from last year's 30 year high in Moncton multiple starts. Multiple starts will reach 1,000 units this year, just below 2002 levels.

Resales: 2002 was a record year. There is no indication that 2003 will not maintain the trend: demand remains strong and mortgage rates will remain low in historical terms, though they will begin to move up. Strong levels of in-migration in Fredericton and Moncton will stimulate sales, particularly in Fredericton where listings are abundant. MLS resales will reach a level of 5,350.

Prices: Despite the tight resale market conditions in much of southern NB, a greater share of existing homes will be sold to people moving from northern NB (where the average price is $62,000). When these people purchase homes in southern regions, they will opt for homes under $100,000. This will cause the average MLS price to rise at a slower pace. The average sale price is expected to rise one per cent to a level of $100,000 this year.

Spotlight on METRO MONCTON

Record employment levels, a shortage of rental units, low mortgage rates and strong migration are all factors which will sustain housing demand, primarily for single starts, over the next year. Metro Moncton will continue to attract a large number of people from northern New Brunswick due to weaker economic conditions in this region. Improved accessibility to the region, thanks to the new four-lane highway between Moncton and Fredericton and the new airport, will also stimulate economic growth in the longer term. In short, realtors and builders in Metro Moncton will remain busy over the near term.

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Nova Scotia

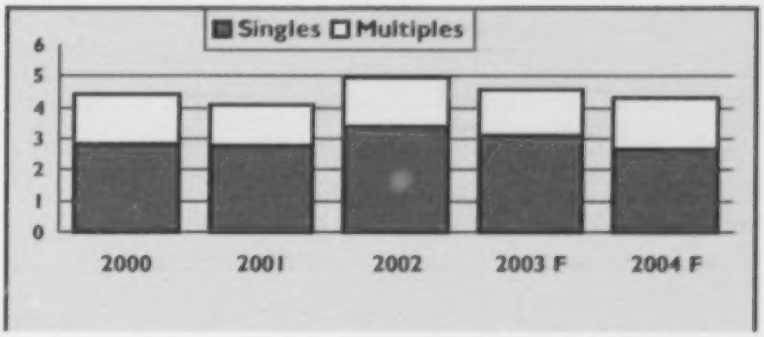
Overview

Housing demand to weaken in 2003

Housing starts in Nova Scotia will weaken in 2003 as the consumer side of the economy begins to slow. Consumers are still expected to drive provincial economic growth this year as they have over the past 18 months. However, with interest rates expected to rise modestly over the course of the year, and growth in employment expected to be moderate, consumer demand will weaken during the year.

Fortunately, a strong rebound in business investment is expected as Tier II of the Sable Offshore Energy project proceeds along with the Halifax Harbour Clean-Up. This will offset a decline in the trade and consumer sectors, providing the momentum required for continued economic expansion in Nova Scotia in 2003 when GDP growth should be 3.4 per cent.

Nova Scotia Starts (000's)



Moderate employment gains will cause a net positive inflow of migrants into the province this year. Most of these people will be from abroad as the province will continue to lose people to other provinces with better economic conditions. The migration picture will provide modest support to the housing market.

Overall, housing market activity is expected to slow this year. Low mortgage rates, rising house prices and a resilient labour market encouraged home buyers to accelerate their purchase plans last year. Consequently, a substantial amount of demand was exhausted in 2002 that would otherwise have stimulated the housing market this year. Expect total housing starts to reach 4,575 units this year. In 2004 starts will decline to 4,300 units.

In Detail

Single Starts: With ownership demand expected to slide over the next twelve months due to both mortgage rates and house prices increasing, the pace of single housing starts are forecast to slow as the year progresses, slipping to 3,100 units this year.

Multiple Starts: A reduced level of rental apartment starts is forecast to result in a seven per cent contraction in total multiple starts to a level of 1,475 units this year. However, more developers are expected to test the burgeoning condominium market in Metro Halifax.

Resales: in 2002 MLS resales set an annual record for the third time in the past four years. However, momentum in sales activity has slowed in recent months, foreshadowing an expected decline in MLS sales compared to 2002 levels. Expect 9,600 resale transactions to occur this year.

Prices: With housing demand still in excess of supply, MLS price growth is expected to continue, but slower than in 2002 as housing demand weakens during the year. Expect MLS price growth of 3.0 per cent this year. New house prices will continue to increase steadily due primarily to a shortage of serviced building lots and rising development charges.

Spoghtlight on Manufacturing

The manufacturing sector accounts for roughly 11 per cent of GDP and 11 per cent of total employment in Nova Scotia. While these shares are smaller than for Canada overall, manufacturing is crucial to the Nova Scotia economy, particularly in rural and smaller urban areas. Companies such as Michelin Tires, Trenton Works, Bowater Mersey Paper, National Sea Products, Stora Enso and Stanfield's provide a large number of full-time jobs that are instrumental in maintaining healthy housing markets in areas such as Northern Nova Scotia, the Annapolis Valley, South Shore and Cape Breton.

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P.E.I.

Overview

Starts will be down after excellent 2002

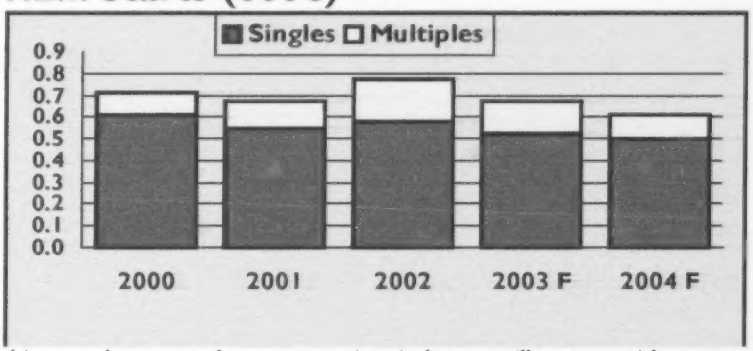
After an excellent year in 2002 the Island's housing market will experience a pullback this year due to more moderate economic growth. The agriculture industry is expected to continue its growth this year, due to a normal yield of potatoes and no trade disputes with the US. Fish landings should experience improvement in activity after several years of decline. This will boost the secondary food processing industries, and will help the province post moderate gains in overall manufacturing output. Tourism is also expected to increase this year, due to the Island's close proximity to the US, a low Canadian dollar, and its image as a safe family destination. The rate of economic growth in PEI is expected to be 2.5 per cent in 2003.

Employment and labour force growth on the Island is expected to remain positive this year, however the construction industry will not provide as many jobs this year since non-residential construction is expected to weaken. Employment is expected to grow 1.5 per cent this year.

Although economic and employment growth will not be outstanding, PEI will still manage to draw in more migrants from abroad and the rest of Canada for the third consecutive year. However, the total number of migrants will be relatively small and have only a moderate impact on the housing market this year.

On balance, moderate economic activity and migration will not be enough to offset the impact of mortgage rates rising throughout the year. Expect total housing starts in PEI to reach a level of 675 this year, down from 775 in 2002. In 2004 starts will reach a level of 610 units.

P.E.I. Starts (000's)



In Detail

Single Starts: The construction of single-family homes is expected to reach a level of 525 units this year, a decline of 57 units from 2002 levels. This is primarily due to moderate economic growth and is expected given the pace of growth over the past four years.

Multiple Starts: The low vacancy rate on the Island during the past few years has convinced developers that the time is right to build this type of housing. There has been a sharp increase in developers building high end rental units targeted to empty-nesters and young professionals. Following a sharp increase in multiple starts in 2002, the 2003 level is expected to decrease slightly, we expect 150 units this year, a decline of 43 from 2002 levels.

Resales: MLS sales have remained around the 1,200 mark in PEI for the last four years. This level of sales is expected again in 2003, despite a strong demand for existing homes. The main reason this stability in sales has been the low levels of listing in the key urban markets.

Prices: The continued strong demand for existing homes in the urban areas of the province and for recreational type properties (which tend to be more expensive) combined with a decrease in listings will cause the average MLS resale price to rise to $96,000 this year, a modest growth rate of 0.9 per cent.

Spotlight on Multiple Construction in Charlottetown

Over the past few years, the tenure of new multiple structures in Charlottetown has been changing from rental to home ownership. In 1995, none of the multiple units built were for the home ownership market, while recently this share peaked at 43 per cent of units for ownership. This affects the type of units being built, which are changing from apartments to duplex and semi-detached style buildings.

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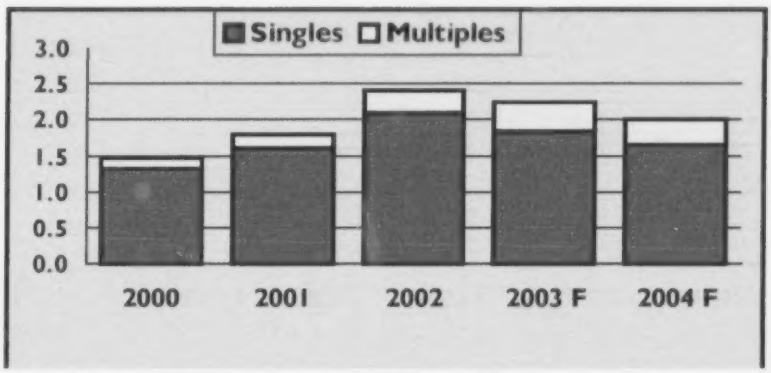
Newfoundland and Labrador

Overview

Economic and housing activity to slow from 2002's torrid pace

Housing activity will slow this year as economic growth cools from last year's rapid pace. Though the boost from last year's jump in oil production at Hibernia and Terra Nova will not be repeated, prospects for 2003 remain positive with GDP forecast to grow by a robust 3.5 per cent. Indeed, the provincial economy will be further bolstered by development expenditures on the White Rose project (offshore oil) that will gather steam, particularly during the second half this year. The commencement of Voisey's Bay (mining) will also play a key role in maintaining economic momentum. The impacts from these projects will be felt this year and beyond as development activities and employment levels rise. Growth in employment will continue this year, with new jobs forecast to increase by 1.5 per cent.

Newfoundland and Labrador Starts (000's)



Despite the continued loss of people to other parts of Canada, ongoing strength in the St. John's economy will draw in migrants and will stem the tide of migrants leaving the province, therfore moderating the negative impact of people leaving the province.

When combined with job gains, income growth and historically low mortgage rates will keep housing demand at high levels. Total starts are expected to decrease to a level of 2,250 units, though this will be the second highest level since 1993. Starts will reach a level of 2,000 next year.

In Detail

Single Starts: Historically low, though rising mortgage rates, solid employment growth and limited choice in the existing homes market are stimulating single-detached activity. Urban centres continue to be the main engine behind growth. Ongoing uncertainty over the future of the fishery combined with the continued exodus during the previous decade will constrain rural areas. Therefore singles are expected to experience a modest decline this year, falling to 1,850 units.

Multiple Starts: With the population aging and rental demand growing, multiple starts will continue to increase, maintaining a trend which began in 2001. While demand for condos will remain strong, expect both apartment and row housing construction to pick up as well. An expected return of public sector investment will also generate some new rental stock. Expect 400 new units this year.

Resales: With mortgage rates expected to rise during the year and a portion of future demand already satisfied, a modest decline in MLS resales to a level of 2,900 is forecast.

Prices: As demand moderates and more listings are brought to market due to recent price ncreases, expect the pace of growth in the average MLS price to slow from last year. The average MLS price is expected to rise 3.5 per cent to $117,000.

Spotlight on Voisey's Bay

On October 7, 2002, the provincial legislature approved a Statement of Principles with Inco Limited to develop Voisey's Bay. Over the 30-year life of the project, employment benefits are estimated to be 76,000 direct and indirect person-years with total capital investment of $2.9 billion. Initial plans call for a mine and mill/concentrator processing facility at Voisey's Bay. Activity will increase significantly in 2003. Other plans call for a hydromet demonstration plant to be built in Argentia commencing in mid 2004 and employing 200 people during the four-year construction phase. Over the short to medium term, speculative activity will place upward pressure on real estate values. Demand for new, existing and rental housing is also expected to increase, particularly in Argentia as well as communities located in Labrador.

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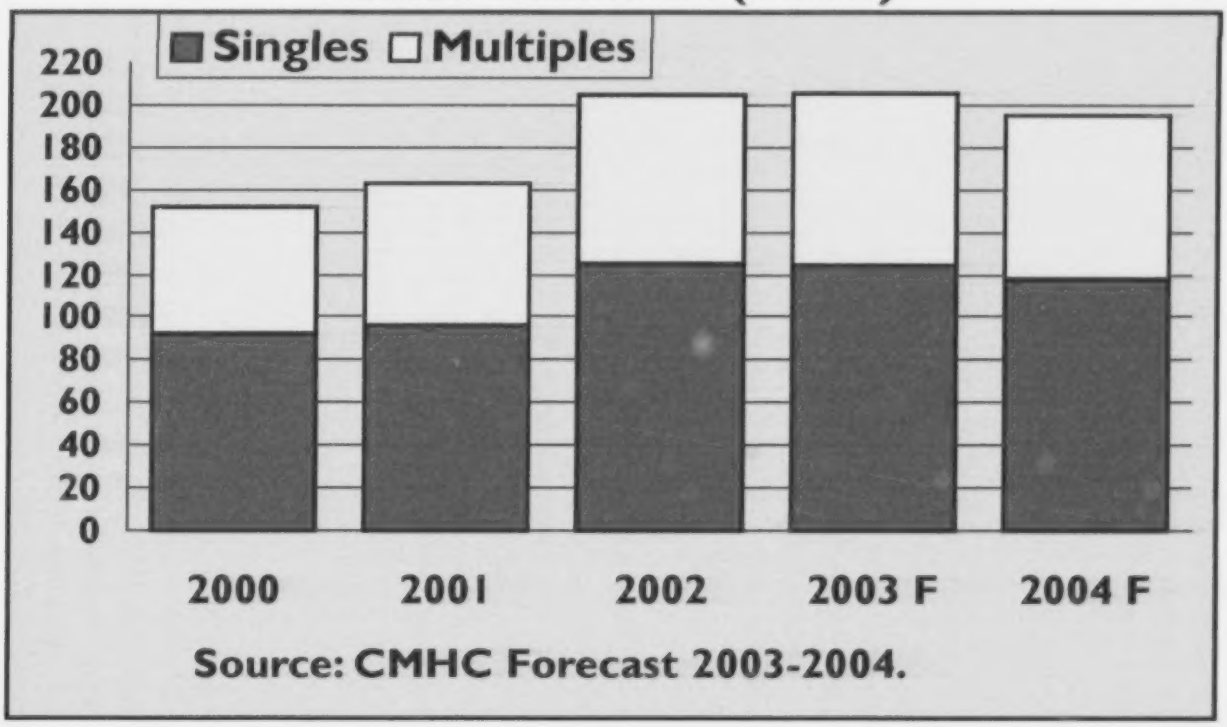
Canada Starts (000's)



Source: CMHC Forecast 2003-2004.

Total Housing Starts
(units and annual percent change)

	1998	1999	2000	2001	2002	2003(F)	2004(F)
NFLD	**1450**	**1371**	**1459**	**1788**	**2419**	**2250**	**2000**
%	-14.5	-5.4	6.4	22.5	35.3	-7.0	-11.1
PEI	**524**	**616**	**710**	**675**	**775**	**675**	**610**
%	11.5	17.6	15.3	-4.9	14.8	-12.9	-9.6
NS	**3137**	**4250**	**4432**	**4092**	**4970**	**4575**	**4300**
%	-17.7	35.5	4.3	-7.7	21.5	-7.9	-6.0
NB	**2447**	**2776**	**3079**	**3462**	**3862**	**3750**	**3400**
%	-9.4	13.4	10.9	12.4	11.6	-2.9	-9.3
QUE	**23138**	**25742**	**24695**	**27682**	**42452**	**44000**	**41000**
%	-10.7	11.3	-4.1	12.1	53.4	3.6	-6.8
ONT	**53830**	**67235**	**71521**	**73282**	**83597**	**86000**	**82500**
%	-0.4	24.9	6.4	2.5	14.1	2.9	-4.1
MAN	**2895**	**3133**	**2560**	**2963**	**3617**	**3200**	**3200**
%	10.8	8.2	-18.3	15.7	22.1	-11.5	0.0
SASK	**2965**	**3089**	**2513**	**2381**	**2963**	**2925**	**2900**
%	7.5	4.2	-18.6	-5.3	24.4	-1.3	-0.9
ALTA	**27122**	**25447**	**26266**	**29174**	**38754**	**35100**	**31200**
%	14.6	-6.2	3.2	11.1	32.8	-9.4	-11.1
BC	**19931**	**16309**	**14418**	**17234**	**21625**	**23000**	**24000**
%	-32.1	-18.2	-11.6	19.5	25.5	6.4	4.3
CAN	**137439**	**149968**	**151653**	**162733**	**205034**	***205500**	***195100**
%	-6.5	9.1	1.1	7.3	26.0	0.2	-5.1

Source: CMHC Forecast 2003-2004.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual percent change)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NFLD	1086	1233	1315	1598	2092	1850	1650
%	-11.0	13.5	6.7	21.5	30.9	-11.6	-10.8
PEI	387	472	614	551	582	525	500
%	3.5	22.0	30.1	-10.3	5.6	-9.8	-4.8
NS	2257	3345	2856	2761	3363	3100	2700
%	-23.2	48.2	-14.6	-3.3	21.8	-7.8	-12.9
NB	1989	2201	2442	2573	2769	2750	2600
%	-6.4	10.7	10.9	5.4	7.6	-0.7	-5.5
QUE	14685	15798	15349	17193	25257	26500	25000
%	-8.6	7.6	-2.8	12.0	46.9	4.9	-5.7
ONT	32737	39421	41087	39632	51114	50500	49500
%	-7.5	20.4	4.2	-3.5	29.0	-1.2	-2.0
MAN	2368	2231	2348	2460	3016	2500	2500
%	17.3	-5.8	5.2	4.8	22.6	-17.1	0.0
SASK	2154	2070	1890	1627	1931	2000	2100
%	10.2	-3.9	-8.7	-13.9	18.7	3.6	5.0
ALTA	20077	16688	16835	19769	24520	23500	20000
%	10.5	-16.9	0.9	17.4	24.0	-4.2	-14.9
BC	8691	8731	7448	7862	10730	10900	11300
%	-32.7	0.5	-14.7	5.6	36.5	1.6	3.7
CAN	86431	92190	92184	96026	125374	*124100	*117900
%	-7.2	6.7	0.0	4.2	30.6	-1.0	-5.0

Source: CMHC Forecast 2003-2004
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual percent change)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NFLD	364	138	144	190	327	400	350
%	-23.5	-62.1	4.3	31.9	72.1	22.3	-12.5
PEI	137	144	96	124	193	150	110
%	42.7	5.1	-33.3	29.2	55.6	-22.3	-26.7
NS	880	905	1576	1331	1607	1475	1600
%	0.7	2.8	74.1	-15.5	20.7	-8.2	8.5
NB	458	575	637	889	1093	1000	800
%	-20.6	25.5	10.8	39.6	22.9	-8.5	-20.0
QUE	8453	9944	9346	10489	17195	17500	16000
%	-13.9	17.6	-6.0	12.2	63.9	1.8	-8.6
ONT	21093	27814	30434	33650	32483	35500	33000
%	13.0	31.9	9.4	10.6	-3.5	9.3	-7.0
MAN	527	902	212	503	601	700	700
%	-11.1	71.2	-76.5	137.3	19.5	16.5	0.0
SASK	811	1019	623	754	1032	925	800
%	1.0	25.6	-38.9	21.0	36.9	-10.4	-13.5
ALTA	7045	8759	9431	9405	14234	11600	11200
%	28.1	24.3	7.7	-0.3	51.3	-18.5	-3.4
BC	11240	7578	6970	9372	10895	12100	12700
%	-31.6	-32.6	-8.0	34.5	16.3	11.1	5.0
CAN	51008	57778	59469	66707	79660	*81400	*77300
%	-5.3	13.3	2.9	12.2	19.4	2.2	-5.0

Source: CMHC Forecast 2003-2004.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type (Units)

		1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NF	Semi-detached	163	50	44	30	36	60	100
	Row	20	9	23	36	42	60	50
	Apartment	181	79	77	124	249	280	200
	Total	364	138	144	190	327	400	350
PEI	Semi-detached	28	32	46	56	64	40	40
	Row	10	31	21	10	47	25	20
	Apartment	99	81	29	58	82	85	50
	Total	137	144	96	124	193	150	110
NS	Semi-detached	290	218	266	228	253	250	225
	Row	89	29	17	40	144	125	125
	Apartment	501	658	1293	1063	1210	1100	1250
	Total	880	905	1576	1331	1607	1475	1600
NB	Semi-detached	106	134	113	114	186	150	120
	Row	89	94	26	153	68	150	80
	Apartment	263	347	498	622	839	700	600
	Total	458	575	637	889	1093	1000	800
QC	Semi-detached	1930	1586	1291	1309	1855	2275	1700
	Row	1074	1184	858	869	964	1225	900
	Apartment	5449	7174	7197	8311	14376	14000	13400
	Total	8453	9944	9346	10489	17195	17500	16000
ON	Semi-detached	4575	6445	7167	7106	6886	7000	6900
	Row	10073	10425	10846	10269	11849	12000	11800
	Apartment	6445	10944	12421	16275	13748	16500	14300
	Total	21093	27814	30434	33650	32483	35500	33000
MAN	Semi-detached	131	90	52	51	68	75	75
	Row	81	151	63	84	76	85	85
	Apartment	315	661	97	368	457	540	540
	Total	527	902	212	503	601	700	700
SK	Semi-detached	174	155	148	116	142	165	120
	Row	222	104	173	240	456	280	200
	Apartment	415	760	302	398	434	480	480
	Total	811	1019	623	754	1032	925	800
ALB	Semi-detached	1428	1570	1518	1957	2869	2100	2000
	Row	1512	1424	1545	1779	2531	1850	1800
	Apartment	4105	5765	6368	5669	8834	7650	7400
	Total	7045	8759	9431	9405	14234	11600	11200
B.C.	Semi-detached	1218	816	885	916	1225	1350	1400
	Row	2117	1444	1675	1686	2305	2650	2800
	Apartment	7905	5318	4410	6770	7365	8100	8500
	Total	11240	7578	6970	9372	10895	12100	12700
CAN	Semi-detached	10043	11096	11530	11883	13584	13465	12680
	Row	15287	14895	15247	15166	18482	18450	17860
	Apartment	25678	31787	32692	39658	47594	49435	46720
	Total	51008	57778	59469	66707	79660	*81400	*77300

Source: CMHC Forecast 2003-2004.
* Total does not add due to rounding.

Total Residential Resales
(units and annual percent change)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NFLD	2288	2437	2593	2808	3014	2900	3000
%	5.4	6.5	6.4	8.3	7.3	-3.8	3.4
PEI	1125	1184	1206	1234	1221	1225	1225
%	39.6	5.2	1.9	2.3	-1.1	0.3	0.0
NS	8052	8827	8577	9441	10243	9600	9300
%	6.4	9.6	-2.8	10.1	8.5	-6.3	-3.1
NB	3908	4376	4524	4779	5089	5350	5000
%	-0.8	12.0	3.4	5.6	6.5	5.1	-6.5
QUE	45192	49792	53755	61620	71001	61500	60000
%	4.0	10.2	8.0	14.6	15.2	-13.4	-2.4
ONT	138463	148659	147158	162318	177406	176000	165000
%	-1.5	7.4	-1.0	10.3	9.3	-0.8	-6.3
MAN	10762	10867	10612	11440	10990	10800	10500
%	-3.7	1.0	-2.3	7.8	-3.9	-1.7	-2.8
SASK	8068	8053	7552	7971	7933	7500	7500
%	-3.3	-0.2	-6.2	5.5	-0.5	-5.5	0.0
ALTA	43383	42684	43311	48989	51042	49000	47000
%	-0.7	-1.6	1.5	13.1	4.2	-4.0	-4.1
BC	52910	58084	54179	69554	82737	78000	77000
%	-22.4	9.8	-6.7	28.4	19.0	-5.7	-1.3
CAN**	314151	334963	333467	380154	420676	*401900	*385500
%	-4.8	6.6	-0.4	14.0	10.7	-4.5	-4.1

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc., CMHC Forecast 2003-2004.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Average Residential Resale Price
(dollars and annual percent change)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NFLD	91514	94359	99525	104376	113081	117000	120000
%	-0.8	3.1	5.5	4.9	8.3	3.5	2.6
PEI	79577	82138	82884	87696	95117	96000	97000
%	-7.9	3.2	0.9	5.8	8.5	0.9	1.0
NS	97015	102628	109839	115485	126669	130500	133000
%	0.3	5.8	7.0	5.1	9.7	3.0	1.9
NB	85948	88072	91624	95947	100129	100000	102500
%	-1.4	2.5	4.0	4.7	4.4	-0.1	2.5
QUE	103947	107501	111260	115865	129504	138850	145500
%	2.2	3.4	3.5	4.1	11.8	7.2	4.8
ONT	167115	174049	183841	193357	210699	223000	230000
%	1.7	4.1	5.6	5.2	9.0	5.8	3.1
MAN	86419	86423	87884	93192	96639	98500	100000
%	1.2	0.0	1.7	6.0	3.7	1.9	1.5
SASK	87577	91396	94047	98310	101297	105000	107000
%	4.3	4.4	2.9	4.5	3.0	3.7	1.9
ALTA	132905	139621	146258	153737	170253	176000	185000
%	6.4	5.1	4.8	5.1	10.7	3.4	5.1
BC	212046	215283	221371	222822	238877	245000	257000
%	-3.8	1.5	2.8	0.7	7.2	2.5	4.9
CAN**	152393	158180	164095	171916	188168	*198100	*205600
%	-1.5	3.8	3.7	4.8	9.4	5.3	3.8

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc., CMHC Forecast 2003-2004.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Employment (annual percent change)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NFLD	2.6	5.5	-0.2	3.3	1.2	1.5	2.0
PEI	1.9	1.5	5.3	2.0	1.8	1.5	1.5
NS	3.8	2.4	2.7	0.9	1.2	1.5	2.0
NB	2.3	3.3	1.8	-0.0	3.3	1.8	2.2
QUE	2.7	2.3	2.4	1.1	3.4	2.5	2.7
ONT	3.3	3.6	3.2	1.5	1.8	2.5	2.6
MAN	1.9	1.3	2.2	0.6	1.6	1.3	1.3
SASK	1.3	0.8	1.0	-2.6	2.0	1.3	1.2
ALTA	3.9	2.5	2.3	2.8	2.6	2.5	2.5
BC	0.1	1.9	2.2	-0.3	1.6	1.9	2.1
CAN	2.7	2.8	2.6	1.1	2.2	2.3	2.4

Source: Statistics Canada, CMHC Forecast 2003-2004.
(F) Forecast.

Unemployment Rate (percent)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NFLD	18.0	16.9	16.7	16.1	16.9	16.5	15.6
PEI	13.8	14.4	12.0	11.9	12.1	11.9	11.7
NS	10.5	9.6	9.1	9.7	9.6	9.5	9.4
NB	12.2	10.2	10.0	11.2	10.4	10.3	10.0
QUE	10.3	9.3	8.4	8.7	8.6	8.4	8.2
ONT	7.2	6.3	5.7	6.3	7.1	6.9	6.7
MAN	5.5	5.6	4.9	5.0	5.2	5.0	4.8
SASK	5.8	6.1	5.2	5.8	5.7	5.3	4.9
ALTA	5.6	5.7	5.0	4.6	5.3	5.0	4.7
BC	8.8	8.3	7.2	7.7	8.5	8.4	8.1
CAN	8.3	7.6	6.8	7.2	7.7	7.5	7.2

Source: Statistics Canada, CMHC Forecast 2003-2004.
(F) Forecast.

Real Gross Domestic Product (annual percent change)

	1998	1999	2000	2001	2002 (E)	2003 (F)	2004 (F)
NFLD	6.9	6.4	5.0	1.2	7.5	3.5	2.0
PEI	4.0	4.1	3.5	0.3	3.0	2.5	2.5
NS	3.8	5.5	2.4	2.4	3.0	3.4	3.8
NB	3.9	6.1	2.1	0.6	3.3	2.8	3.2
QUE	3.2	5.6	5.0	1.2	3.8	3.3	3.6
ONT	4.9	7.6	4.8	1.2	3.4	3.3	3.8
MAN	4.8	2.2	2.8	1.4	3.3	3.5	3.5
SASK	4.2	0.8	3.3	-2.0	2.2	2.5	2.2
ALTA	4.6	1.6	5.9	2.9	3.0	4.5	4.2
BC	1.5	2.5	4.3	0.9	2.0	2.7	3.5
CAN	4.1	5.4	4.5	1.5	3.3	3.2	3.4

Source: Statistics Canada, CMHC Estimate 2001, CMHC Forecast 2003-2004.
(E) Estimate. (F) Forecast.

Total Net Migration* (persons)

	1998	1999	2000	2001	2002 (E)	2003 (F)	2004 (F)
NFLD	-7824	-3443	-4776	-3456	-3100	-2800	-2525
PEI	118	454	33	633	575	615	640
NS	182	3534	-1210	-316	400	1100	1750
NB	-2341	1190	-1987	-907	1200	1600	1500
QUE	2414	9565	11426	20138	20500	21500	22500
ONT	74340	105924	139411	145573	121315	118000	120500
MAN	-1665	350	-989	-2614	-1100	-900	-900
SASK	-1022	-5844	-7377	-7738	-8100	-6200	-5200
ALTA	45414	25935	32638	35390	35550	32200	30200
BC	10745	20339	18506	31634	26000	31200	33200
CAN**	120361	158004	185675	218337	193240	196315	201665

Source: Statistics Canada, CMHC Estimate 2001, CMHC Forecast 2003-2004.
(F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS™ sales	MLS™ average price	Rental vacancy rate structures of 3 units +
Victoria	2002	1,344	879	3.6	7,069	242,503	1.5
	2003(F)	1,450	910	4.3	6,575	262,000	1.8
	2004(F)	1,570	915	3.1	6,700	269,500	1.2
Vancouver	2002	13,197	4,980	2.5	34,909	301,473	1.4
	2003(F)	14,400	5,300	4.0	32,000	312,500	1.6
	2004(F)	15,600	5,800	3.0	33,500	323,000	1.5
Abbotsford	2002	1,038	560	na	na	na	2.0
	2003(F)	1,100	580	na	2,350	229,000	2.3
	2004(F)	1,150	620	na	2,450	235,000	2.5
Edmonton	2002	12,581	6,860	7.2	15,923	150,165	1.7
	2003(F)	9,750	5,750	4.0	15,250	158,000	2.5
	2004(F)	8,500	5,000	3.5	15,000	166,000	2.5
Calgary	2002	14,339	9,413	5.2	24,706	198,350	2.9
	2003(F)	12,250	8,250	4.5	22,800	207,000	2.7
	2004(F)	12,000	8,000	3.5	22,000	213,000	2.5
Saskatoon	2002	1,489	691	1.5	2,941	118,999	3.7
	2003(F)	1,050	700	2.0	2,800	123,000	2.0
	2004(F)	1,100	700	2.0	2,800	125,000	2.0
Regina	2002	651	504	3.7	2,817	100,751	1.9
	2003(F)	750	550	2.0	2,600	103,000	1.9
	2004(F)	800	600	2.0	2,650	105,000	1.9
Winnipeg	2002	1,821	1,528	2.6	9,881	98,054	1.2
	2003(F)	1,650	1,250	2.5	9,800	100,000	1.0
	2004(F)	1,600	1,250	2.0	9,750	102,500	1.2
Thunder Bay	2002	197	193	1.0	1,599	109,930	4.7
	2003(F)	240	200	1.0	1,250	116,424	3.7
	2004(F)	280	210	1.0	1,288	118,752	3.0
Sudbury	2002	298	292	1.0	2,031	110,826	5.1
	2003(F)	316	310	1.0	2,143	114,151	4.7
	2004(F)	330	320	1.0	2,250	118,146	4.0
Windsor	2002	2,490	1,726	0.5	4,938	149,656	3.9
	2003(F)	2,350	1,700	0.5	5,100	152,000	3.5
	2004(F)	2,200	1,600	1.0	5,000	156,000	2.5
London	2002	2,604	1,969	2.9	8,290	142,745	2.0
	2003(F)	2,650	1,675	2.6	7,350	145,000	2.3
	2004(F)	2,300	1,550	2.2	6,900	146,500	2.6
Kitchener	2002	4,130	3,007	4.1	5,253	177,559	2.3
	2003(F)	4,050	2,800	6.0	5,100	188,200	2.0
	2004(F)	3,900	2,550	5.0	4,750	196,600	1.3
St. Catharines-Niagara	2002	1,317	1,032	2.0	5,950	156,605	2.4
	2003(F)	1,320	1,050	1.7	5,650	151,200	2.1
	2004(F)	1,380	1,100	1.1	5,600	155,500	2.0
Hamilton	2002	3,803	2,259	4.3	12,482	183,442	1.6
	2003(F)	3,900	2,250	5.3	11,500	191,500	1.4
	2004(F)	3,700	2,150	3.0	10,750	197,500	1.4
Toronto	2002	43,805	22,115	3.4	74,107	275,975	2.5
	2003(F)	45,000	21,000	3.0	70,000	290,000	3.0
	2004(F)	40,000	18,000	2.5	64,000	295,000	2.8

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS™ sales	MLS™ average price	Rental vacancy rate Structures of 3 units +
Oshawa	2002	3,490	2,955	na	8,520	204,103	2.3
	2003(F)	3,200	2,600	na	5,000	198,000	2.0
	2004(F)	2,900	2,450		4,800	205,000	1.7
Kingston	2002	810	775	na	3,646	144,413	0.9
	2003(F)	900	840	na	3,900	152,000	0.7
	2004(F)	930	860		4,000	156,000	1.0
Ottawa	2002	7,796	3,807	7.7	12,894	200,711	1.9
	2003(F)	7,200	3,700	5.0	12,500	216,600	1.6
	2004(F)	6,700	3,400	4.0	13,100	227,300	1.5
Gatineau	2002	2,553	1,574	7.7	3,823	112,755	0.5
	2003(F)	2,700	2,000	7.0	3,600	116,000	0.8
	2004(F)	2,300	1,600	3.0	3,500	118,000	1.5
Montréal	2002	20,554	10,416	5.8	46,931	143,589	0.7
	2003(F)	22,500	10,800	5.5	34,000	170,000	1.0
	2004(F)	20,000	10,000	5.5	32,000	180,000	1.5
Trois-Rivières	2002	619	250	n.a.	1,532	75,363	3.0
	2003(F)	440	260	n.a.	800	80,500	2.7
	2004(F)	420	270	n.a.	800	82,500	3.0
Sherbrooke	2002	857	416	n.a.	2,178	105,938	1.8
	2003(F)	810	330	n.a.	1,100	117,500	1.3
	2004(F)	650	300	n.a.	1,000	112,000	1.8
Québec	2002	4,282	2,327	4.3	8,771	102,627	0.3
	2003(F)	5,000	2,400	7.0	6,800	113,000	0.5
	2004(F)	4,500	2,500	5.0	6,800	118,500	1.0
Chicoutimi-Jonquière	2002	596	254	n.a.	1,436	83,982	4.9
	2003(F)	355	230	n.a	925	93,000	5.5
	2004(F)	295	230	n.a	945	95,750	5.2
Saint John	2002	397	338	2.1	1,505	103,544	6.3
	2003(F)	460	360	0.1	1,450	106,000	6.5
	2004(F)	525	375	0.1	1,350	108,000	4.5
Halifax	2002	3,310	1,865	3.6	6,687	148,737	2.7
	2003(F)	3,000	1,650	2.4	6,300	156,500	2.0
	2004(F)	2,650	1,250	2.2	5,975	159,000	1.8
St. John's	2002	1,350	1,093	4.3	2,893	114,626	2.7
	2003(F)	1,300	1,000	2.5	2,800	118,500	2.0
	2004(F)	1,300	950	3.5	2,850	121,000	2.0
Charlottetown	2002	461	292	0.7	1,221	95,117	2.3
	2003(F)	400	275	1.0	500	116,000	3.0
	2004(F)	375	250	1.0	525	117,000	3.0
ALL METRO AREAS	2002	152,179	84,368	3.0	314,933		1.7
	2003(F)	150,491	80,720	3.7	281,943		2.5
	2004(F)	139,955	74,800	3.1	273,033		2.6

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2003-2004
n.a.: data not available

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly percent change)

	01:Q1	01:Q2	01:Q3	01:Q4	02:Q1	02:Q2	02:Q3	02:Q4
New housing								
Building permits, units, thousands	163.4	159.4	157.6	174.7	212.9	213.6	221.0	218.3
%	9.2	-2.4	-1.2	10.9	21.8	0.3	3.4	-1.2
Housing starts, total, thousands	158.2	165.1	157.1	172.3	208.0	197.8	205.5	211.6
%	2.9	4.4	-4.8	9.7	20.7	-4.9	3.9	3.0
Housing starts, singles, thousands	94.8	91.9	94.6	104.2	124.6	124.3	124.8	129.3
%	4.9	-3.1	2.9	10.1	19.6	-0.2	0.4	3.6
Housing starts, multiples, thousands	63.4	73.2	62.5	68.1	83.4	73.5	80.7	82.3
%	0.2	15.5	-14.6	9.0	22.5	-11.9	9.8	2.0
Housing completions, total, thousands	30.2	34.7	46.0	41.0	37.0	39.6	54.7	54.3
%	-19.6	14.9	32.7	-10.8	-9.8	7.0	38.1	-0.7
New house price index, 1992=100	105.0	105.7	106.5	107.1	108.3	109.9	110.9	112.4
%	0.7	0.7	0.7	0.5	1.1	1.5	0.9	1.4
Existing housing								
MLS resales, units, thousands	343.8	373.4	382.1	421.3	459.7	411.6	402.1	409.3
%	3.1	8.6	2.3	10.3	9.1	-10.5	-2.3	1.8
MLS average resale price, $C thousands	166.2	170.3	174.4	175.8	183.1	187.9	189.7	192.6
%	0.1	2.5	2.4	0.8	4.2	2.6	1.0	1.5
Mortgage market								
Mortgages outstanding, $C billions	441.1	446.3	452.9	461.0	469.1	477.9	485.1	n.a.
%	1.1	1.2	1.5	1.8	1.8	1.9	1.5	n.a.
Mortgage approvals, $C billions	82.9	89.3	89.3	120.1	na	na	na	na
%	4.7	7.7	0.0	34.5	na	na	na	na
1-year mortgage rate, per cent*	7.10	6.73	6.03	4.70	4.80	5.50	5.33	5.03
5-year mortgage rate, per cent*	7.58	7.67	7.50	6.87	7.05	7.37	6.85	6.80
Residential investment**								
Total, $1997 billions	47.4	47.0	47.9	50.5	54.4	54.3	56.3	n.a.
%	0.5	-0.8	2.0	5.3	7.8	-0.3	3.7	n.a.
New, $1997 billions	23.5	23.1	23.6	25.3	27.9	28.6	30.7	n.a.
%	2.4	-1.8	2.3	7.5	10.1	2.6	7.2	n.a.
Alterations, $1997 billions	16.8	16.4	16.4	16.5	16.9	17.0	17.3	n.a.
%	-2.4	-2.4	0.3	0.3	2.6	0.7	1.6	n.a.
Transfer costs, $1997 billions	7.1	7.5	7.9	8.5	9.4	8.5	8.2	n.a.
%	1.4	6.0	4.6	8.8	10.2	-9.8	-3.3	n.a.
Deflator, 1997=100	107.3	108.5	109.0	110.1	111.0	112.6	113.4	n.a.
%	0.6	1.1	0.4	1.1	0.8	1.4	0.6	n.a.

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
n.a. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates .
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.